GOVERNMENT OF INDIA
NEW AND RENEWABLE ENERGY
LOK SABHA

UNSTARRED QUESTION NO:768
ANSWERED ON:28.04.2016
Dispute in WTO over JNNSM
Chautala Shri Dushyant;Rajesh Shri M. B.;Rao (Avnthi) Shri Muthamsetti Srinivasa;Sahu Shri Chandu Lal

Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

(a) whether there is any dispute in World Trade Organisation (WTO) over the Jawaharlal Nehru National Solar Mission (JNNSM);

(b) if so, the details thereof;
(c) whether the WTO has ruled in the US favour and against India"s Domestic Content Requirements (DCR) for solar products under the national solar mission, if so, the details thereof;

(d) whether this is a setback to India"s Solar Mission and the Government had agreed to withdraw the DCR option for private companies, if so, the details thereof;

(e) whether an anti-dumping duty was also withdrawn on solar panels, if so, the measures proposed by the Government to make the national solar mission a success and address the challenges to local industry due to this decision; and

(f) whether the Government has appealed against the WTO ruling, if so, the details thereof along with the steps being taken by the Government to encourage the domestic manufacturers for growth of this sector in the country?

Answer

THE MINISTER OF STATE FOR POWER, COAL & NEW AND RENEWABLE ENERGY (INDEPENDENT CHARGE) (SHRI PIYUSH GOYAL)

(a)&(b): Yes, Madam. The United States had filed a dispute before the World Trade Organization (WTO) on India's domestic content requirement in the procurement of solar cells and modules in some schemes under the Jawaharlal Nehru National Solar Mission (JNNSM). The United States (US) has claimed that the domestic content requirement clause is inconsistent with GATT 1994 and TRIMs Agreement of WTO.

(c)&(d): Yes, Madam. The WTO panel has ruled that Domestic Content Requirement (DCR) measures under Phase I (Batch 1), Phase I (Batch 2), and Phase II (Batch 1)
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of the National Solar Mission are inconsistent with Article 2.1 of the TRIMs Agreement and Article III:4 of the GATT 1994, and are not covered by the derogation in Article III:8(a) of the GATT 1994 India has defended its claims in WTO as per the provisions contained under Article III: 8(a) and General Exemption clauses of GATT 1994. However, India has filed an Appeal in WTO against the ruling.

(e): Anti-dumping duty was not imposed on solar panels, therefore, there is no question of withdrawing anti-dumping duty. While on one side cost of power has to be kept as low as possible in order to reduce the burden on distribution companies, the domestic manufacturing industry has also to be supported. Therefore, while on one side import of panels without any anti-dumping duty has resulted in reduction in cost of solar power, provision for domestic content requirement has been made in order to provide adequate market for the domestic solar cell manufacturers.

(f): India has filed a notice of appeal in WTO against the Panel ruling on 20.04.2016 in the WTO dispute.

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